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SUBJECT: MINISTRY SHAKEUP PUTS NGOZI INTO FOREIGN AFFAIRS

Classified By: Charge d'Affaires Thomas Furey. Reasons 1.4 (b and d)

¶1. (U) SUMMARY: The expected cabinet shakeup continued today with the appointment of several ministers to new portfolios. While it is difficult to interpret before all the portfolios have been announced, the cumulative effect of these changes appears to be neutral. The biggest news for the international community is the shifting of Minister of Finance Ngozi Okonjo-Iweala to Foreign Affairs. Several ministers remain to be assigned and assessing the final effect of these changes will have to wait until that time.  
END SUMMARY.

¶2. (U) The expected cabinet shakeup continued June 21 with an announcement from the Presidency that Finance Minister Ngozi Okonjo-Iweala had been named Minister of Foreign Affairs. The Minister of Foreign Affairs Olusegun Adeniji is moving to the Ministry of Internal Affairs and the Minister of State for Finance Nenandi Usman will step up to be Minister of Finance. Other actions include assigning Oby Ezekwesili, formerly head of the Due Process office and currently Minister of Solid Minerals, to the Education Ministry and naming outspoken Presidential Aide Femi Fani-Kayode Minister for Culture and Tourism.

¶3. (C) Moving the Finance Minister to Foreign Affairs sends mixed signals. On the one hand, the MFA is badly in need of reform and President Obasanjo has said that a retrenchment should take place in that ministry. The feeling is that Okonjo-Iweala is the person to spearhead the sacking of up to fifty percent of the Ministry's staff. On the other hand, her removal from Finance is viewed in some circles as insulating her from any potential malfeasance in the Ministry in the runup to the 2007 elections. Still, the President stated that she would remain the "head of the Presidential Economic Team."

¶4. (C) The promotion of Ngozi's deputy, Usman, is seen as a neutral change. Usman has been the right hand of the Finance Minister since 2003 and is viewed as a "technocrat" in spite of a thin resume. She is also seen as a political lightweight who may not be able to rein in corruption in the Ministry.

¶5. (C) Foreign Minister Adeniji had been expected to oversee the retrenchment at Foreign Affairs, but nothing to date has happened. Shifting him to Internal Affairs, where a retrenchment has also been anticipated, may signal that any retrenchments among the security-type services attached to the ministry has been deferred. He is also one of the Ministers collecting his salary in US Dollars outside the civil service pay scale, and there may be a contractual obligation to pay him for the entire four-year term.

16. (C) COMMENT: Moving Okonjo-Iweala to the Foreign Minsitry provides Nigeria with a "star" on the international scene, one who can serve as a good public face for the country. And since she already spends much of her time globe-trotting, the day to day management of the Ministry of Finance has been in the hands of Usman since 2003. Until the situation is clear at the Ministries of Solid Minerals and Commerce, speculation that the moves are preparatory to financing the 2007 campaigns from government coffers are premature. The concern is that moving prominent Cabinet members to relatively less significant ministries could encourage just that regardless of the original intent.  
FUREY